BlackRock

30 May 2025

European Commission, DG FISMA
Rue de Spa 2, 1000
Brussels, Belgium

RE: European Commission Call for Evidence on the Revision of the Sustainable Finance Disclosures Regulation (SFDR)

BlackRock is pleased to have the opportunity to provide feedback to the EC's Call for Evidence on the Revision of the Sustainable Finance Disclosure Regulation (SFDR).

As an asset manager, BlackRock is a fiduciary that invests and manages capital on behalf of retail and institutional investors across public and private asset classes. The money we manage is not our own – it belongs to our clients, the asset owners, who choose their own investment strategies and products from our broad product offerings.

BlackRock's investment approach is rooted in our fiduciary duty: we start with our client's objectives, we seek the best risk-adjusted returns, and we underpin our work with research, data, and analytics. We apply that same approach to sustainable investing and investing in the low-carbon transition. BlackRock's sustainable and transition investing platform is driven by our clients' needs, along with our continued investment conviction that the energy transition is a mega force shaping economies and markets.

We welcome the opportunity to comment on the issues raised by this call for evidence and will continue to contribute to the thinking of the EC on this and other topics.

We welcome further discussion on any of the points that we have raised.

Yours faithfully,

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BlackRock.

We welcome the opportunity to provide input on the review of the Sustainable Finance Disclosure Regulation (SFDR). This submission builds on our December 2023 consultation response which still reflects our position.

This is a chance to improve clarity around sustainable investments and support investor decisions. We suggest the following principles to guide this process:

Regulatory stability and certainty

Product distributors, such as wealth managers, advisers etc., have stressed the importance of a stable regime to support long-term product development, build trust, and avoid investor confusion — all critical to advancing the goals of the Savings and Investments Union. Predictability is crucial for investors. Whether the review leads to targeted changes or a more comprehensive overhaul, changes should be implemented once and then settle.

Product categories centred on client needs

A flexible, principles-based categorisation framework, backed up with relevant disclosures, is best suited to reflect the broad range of sustainable objectives that investors have - from risk management through exclusions, to impact. Narrow or overly prescriptive labels would fail to capture this diversity.

We support a “transition” category, recognising that investors view it not only as a decarbonisation outcome but also as an investment theme covering enablers. We do not consider that stewardship can be a meaningful binding feature in transition products as it is core to our role as an asset manager and a fiduciary to our clients independently of investment approach.

For criteria accompanying product categories we would stress that:

- There is not one common sustainability metric that can be applied and considered from an investment perspective across all asset classes. For example, there are constraints and data access issues in private assets. Similarly, sovereigns require a different type of sustainability assessment than corporates.
- To avoid structural data gaps, these criteria should be aligned with data provided through globally available reporting standards, e.g. International Sustainability Standards Board (ISSB), Corporate Sustainability Reporting Directive (CSRD), etc.
- The criteria should be easy to apply to fund-of-funds structures as investors have flagged additional complexity, e.g., where look-through or aggregation of different methodologies are required, as a barrier to positioning products or portfolio solutions as sustainable.

Lastly, as institutional investors set their own sustainable investment objectives and reporting, we recommend segregated mandates are out of scope.

Simplification and interoperability

We see potential to simplify and streamline disclosure requirements by:

- Removing entity-level disclosures under Art. 4 SFDR, as these have not proved useful to investors and product commitments can be built around data reported under other regimes (e.g., CSRD).
- Simplifying product-level disclosures by focussing on sustainability indicators and removing aspects such as alignment to the EU Taxonomy where these are not binding to portfolio construction. We support creating a concise “sustainability Key Information Document” similar to the UK Sustainable Disclosure Requirements (SDR) Consumer Facing Disclosure, instead of lengthy, complex Pre-Contractual

Disclosures (PCDs) that include Taxonomy references unrelated to product commitments.

We support making the definition of “sustainable investments” (SI) more comparable while maintaining some flexibility. Areas where we suggest greater alignment to commonly adopted practices include:

- Taking a binary vs. proportionate approach to classifying a holding as an SI.
- Considering operational, e.g., corporate climate targets, and/or product/services contribution to sustainability objectives.
- Reducing the number of mandatory Principle Adverse Impact indicators (PAIs) in assessing “do no significant harm”.
- Excluding sovereigns from this calculation altogether, unless the holding has a use-of-proceeds element.

Finally, SFDR should be interoperable with other rules, including the Markets in Financial Instruments Directive (MiFID) and Insurance Distribution Directive (IDD), where we support future product categories to replace existing criteria and the assessment focussing on a simple Yes/No question; the ESMA Fund Name Guidelines (e.g., around exclusions); and CSRD to align on disclosures.

BlackRock is committed to supporting a simplified, coherent and investor-centric framework – one that accommodates a range of sustainability objectives and recognises the diversity of asset classes and investment strategies.